

Nottingham City Council

Early Years Funding Consultation 2025/26 with Early Years Providers in Nottingham City

Launch date: 20th January 2025

Closing date: 31st January 2025

How to respond:

Please respond to the consultation questions by clicking on this link to the online survey:

[Early Years Funding Consultation 2025/26](#)



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1.0 Executive Summary

Please read the information within each section of the document, which covers national guidance and how we propose to apply this locally, to help you answer any consultation questions relating to that section.

The School and Early Years Finance (England) Regulations set out the framework for early years funding. To fund places, local authorities (LA's) are required by legislation to use a locally determined, transparent formulae to set the funding rates for all types of providers.

The [Early Years Entitlements: Local Authority Funding Operational Guide 2025-26](#) outlines the School and Early Years Finance (England) Regulations in respect of this funding and states that LA's must determine their funding formulae ahead of the new financial year and there is an expectation that LA's should share their local hourly rates for 2025/26 with providers no later than 28th February 2025.

LA's must undertake a consultation when there is a proposed change to the local funding formulae from the previous year, or when a new formula to allocate funding is to be introduced. Whilst there is no proposed change to the local funding formulae in Nottingham City for 2025/26, in line with best practice, we are consulting with providers on how the funding will be spent to ensure that at least 96% of the LA's allocation is passed through to providers.

This consultation outlines a local proposal to distribute approximately £38.694m of the LA's Dedicated Schools Grant (DSG) for the early years entitlements in 2025/26 and this consultation seeks the views of all Nottingham City early years providers including private, voluntary and independent providers, maintained schools and academies on the proposed early years funding formulae for all early years entitlements during 2025/26.

All early years providers are encouraged to respond to this consultation using the online survey. The deadline for responding to the consultation is 31st January 2025.

2.0 Background Context

The current early years entitlements, available over 38 weeks per year, are:

- The 15-hour entitlement for families of 2-year-olds receiving additional support (formerly the 'disadvantaged 2-year-olds entitlement')
- The 15-hour entitlement for parents of 3- and 4-year-olds (the 'universal entitlement')
- The working parent entitlements, which include:
 - The 15-hour entitlement for children aged 9 - 23 months of eligible working parents
 - The 15-hour entitlement for children aged 2 of eligible working parents
 - The 30-hour entitlement for eligible working parents of 3- and 4-year-olds

From September 2025, the working parent entitlements for children aged 9 – 23 months and aged 2, will be extended from a 15-hour entitlement to a 30-hour entitlement.

3.0 Consultation Context

As noted in the Executive Summary, whilst no formal consultation is required, in line with best practice, we are consulting with providers on how the funding will be spent in 2025/26.

The requirements of the LA, as detailed in the School and Early Years Finance (England) Regulations, are to:

- Set a universal base rate of funding for all providers, regardless of type
- Pass-through a minimum of 96% of the funding received to early years providers for each of the early years entitlements
- Set a funding formula for 2-year-olds and under, ensuring the total funding rate paid to providers for 2-year-olds from families receiving additional support is at least equivalent to the total funding rate paid for the 2-year-old working entitlement families
- Include a mandatory deprivation supplement for the 3- and 4-year-old entitlements in the local formula
- Ensure the value of any supplements doesn't exceed 12% of the total formula funding to providers for the early years entitlements
- Establish a Special Educational Needs Inclusion Fund (SENIF) for all children with SEN accessing any of the early years entitlements, targeted at children with lower level and emerging SEN.

4.0 Proposed Approach

The rationale for the following proposed approaches ensures the appropriate distribution of the DSG for the early years entitlements and are in line with the School and Early Years Finance (England) Regulations and the [Early Years Entitlements: Local Authority Funding Operational Guide 2025-26](#)

4.1 Universal Base Rate for all Providers

- The LA proposes to continue with a universal hourly base rate of funding for all providers, regardless of provider type, for the early years entitlements.
- This means that whilst the hourly base rate will be at a different rate for each of the early years entitlements, this rate will apply regardless of whether the provider is a school or in the Private, Voluntary and Independent Sector.

❖ **Q1 - Do you agree that the LA should continue with the universal hourly base rate of funding, regardless of provider type?**

4.2 96% Pass-Through Rate

- In 2025/26, the LA is required to pass-through a minimum of 96% of the funding received to early years providers for each of the early years entitlements. This pass-through rate has increased from 95% in 2024/25.
- The 96% pass-through requirement will apply separately to the entitlements for:
 - 9-months-old children up to 2-year-olds of working parents
 - 2-year-old children of working parents
 - 2-year-old children from families of 2-year-olds receiving additional support
 - 3 and 4-year-olds (universal and additional hours)

- The 96% pass-through rate includes:
 - The hourly base rates, which are paid to all providers
 - Supplements, paid based on providers meeting certain eligibility criteria
 - Special Educational Needs Inclusion Fund (SENIF), targeted at children with lower level or emerging special educational needs
 - Contingency Funding, extra money set aside for changes in the number of children taking up the entitlements throughout the year
- The remaining 4% expenditure is allowed to support:
 - Centrally retained funding (for central services to support LAs to administer the entitlements locally, central SEND support and eligibility checking)
 - Transfer of funding to any of the other early years entitlements
 - Any extra hours LAs choose to fund in addition to the government's entitlement hours
 - Any funding movement out of the early years block
- The proposals in this consultation would see the LA pass-through rate to providers being higher than the 96% required. The LA propose to pass-through 97% of funding to providers in 2025/26, **with only 3% being centrally retained.**

❖ Q2 - Do you agree with the LA's proposed pass-through rate?

4.3 Local Funding Formulae

- LAs have the flexibility to determine how best to structure funding for these entitlements locally. The LA proposes to continue with its established local formulae for allocating the early years entitlements. The proposed funding formula for each entitlement is:
 - For children aged 9 – 23 months of eligible working parents:
 - The hourly base rate with no further supplements
 - For children aged 2 of eligible working parents:
 - The hourly base rate with no further supplements
 - For families of 2-year-olds receiving additional support (formerly the 'disadvantaged 2-year-olds entitlement'):
 - The hourly base rate with no further supplements
 - LAs are expected to ensure funding for deprivation is reflected in relevant formulae. This base rate would be higher than the entitlement for 2-year-olds accessing the working parent entitlement in recognition of the additional costs associated with supporting children accessing this entitlement, supported by evidence which suggests that early year practitioners may be involved to a greater extent in multi-agency processes and services when supporting this cohort of children and their families.

- For children aged 3 and 4 years (the 15-hour universal entitlement and the 30-hour entitlement for eligible working parents):
 - The hourly base rate, plus the mandatory deprivation supplement for 3- and 4-year-olds, based on children eligible for Early Years Pupil Premium Funding (EYPP)

❖ **Q3 - Do you agree with the proposal to continue the established local funding formula for each of the early years entitlements?**

- The proposed hourly rates for each of the entitlements reflects an uplift on the 2024/25 hourly rates.

Early Years Entitlement	Proposed Hourly Base Rates 2025/26	Proposed Supplements 2025/26
Children aged 9 – 23 months of eligible working parents	£11.19	None
Children aged 2 of eligible working parents	£8.10	None
Children aged 2 of families receiving additional support	£8.95	None
Children aged 3 and 4 receiving the universal entitlement and/or the extended entitlement for working parents	£5.52	£1 Deprivation Supplement for children eligible for Early Years Pupil Premium Funding

❖ **Q4 – Are there any comments you wish to make in relation to the proposed hourly rates?**

4.4 Use of Supplements

- Supplements are paid in addition to the universal hourly base rate to reflect local needs and can be applied to the base rate for any of the entitlements, but LA’s should ensure that the use of supplements should be transparent and fair and open to all providers that meet the eligibility criteria and that for 3- and 4-year-old entitlements, any supplement should apply equally to both the universal 15 hours entitlement and the additional 15 hours for working parents’ entitlement
- In line with the Regulations, the LA will not spend more than 12% of the total planned formula funding to providers for the early years entitlements on funding for supplements.
- The LA does not propose to use the following permissible, discretionary supplements in 2025/26: Flexibility, Rurality or sparsity to support providers serving rural areas, Quality to support workforce qualifications or supporting high quality providers leading other providers in the local area or English as an additional language to recognise differences in attainment in the EYFS between children whose first language is English and those who have EAL.

- The only mandatory supplement set out in the Regulations is for the local funding formula for 3 and 4 years olds to include a deprivation supplement.
- The LA proposes to continue its established funding formula for 3- and 4-year-olds for 2025/26, which includes the mandatory deprivation supplement as set out in Section 4.3.
- Only using the mandatory deprivation supplement enables more funding to be available for the hourly base rates across all of the early years entitlements.

❖ **Q5 - Do you agree with the LA proposal to continue only utilising the mandatory deprivation supplement?**

4.5 Special Educational Needs Inclusion Fund (SENIF)

- The LA has already established the required SENIF for all children with SEN accessing any of the early years entitlements, targeted at children with lower level and emerging SEN.
- During the 2024/25, the LA extended the existing criteria for accessing SENIF, and the banded levels of support based on need, down to children from aged 9 months, where early years entitlements are being accessed, and the eligibility criteria is met.
- This SENIF allocation is retained as part of the pass-through rate to providers, as detailed in Section 4.2.

❖ **Q6 – Do you agree with the LA proposal to continue the SENIF in its established format?**

5.0 Financial Context

- Based on the DSG funding the LA has been allocated, it is anticipated that there should be sufficient funding to fund these proposals in 2025/26.
- The centrally retained expenditure is sufficient to fund the existing staffing structure and maintain current levels of activity.

6.0 Not in Consultation Scope

The following areas are out of scope for this consultation:

- There are no planned changes to the way estimate and balance payments for early years funding is calculated or paid. The funding payable to early year providers for the extended entitlements during 2025/26 will be made in line with existing processes.
- All children accessing the early years entitlements, including those aged 2 and under, and meeting the existing criteria for Early Years Pupil Premium and Disability Access Funding, will be eligible for additional funding. These criteria and their associated funding rates are determined nationally and therefore not in scope for this consultation.

7.0 Consultation Questions

We encourage a response from all early years providers in Nottingham City and request that there is only one response per provider.

Please respond by 31st January 2025 to the following consultation questions by following the link below. Returns submitted after this date will not be included.

[Early Years Funding Consultation 2025/26](#)

- Q1 - Do you agree that the LA should continue with the universal hourly base rate of funding, regardless of provider type?
- Q2 - Do you agree with the LA's proposed pass-through rate?
- Q3 - Do you agree with the proposal to continue the established local funding formula for each of the early years entitlements?
- Q4 – Are there any comments you wish to make in relation to the proposed hourly rates?
- Q5 - Do you agree with the proposal to continue only utilising the mandatory deprivation supplement?
- Q6 – Do you agree with the LA proposal to continue the SENIF in its established format?